

Washington, D.C. 20549

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ANNUAL AUDITED REPORT **FORM X-17A-5 PART III**

Washington, DC

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING	01/01/10	AND ENDING	12/31/10
	MM/DD/YY		MM/DD/YY
A. REGI	STRANT IDENTIFIC	CATION	
NAME OF BROKER-DEALER:			
TANKE OF BROIDER BEITEDRI			OFFICIAL USE ONLY
M. E. Allison & Co., Inc.			
A PROPERTY OF A PROPERTY OF A CE OF DISORIES	99 /D 4 - D 0 D	3 I 3	FIRM ID. NO.
ADDRESS OF PRINCIPAL PLACE OF BUSINES	SS: (Do not use P.O. Bo	OX NO.)	
950 E. Basse, 2 nd Floor			
	(No. and Street)		
San Antonio	Texas		78209
(City)	(State)		(Zip Code)
			(Area Code - Telephone No.)
R ACCO	OUNTANT IDENTIFIC	CATION	
D. Acco	ONTHINI IDDINI	0.111011	
INDEPENDENT PUBLIC ACCOUNTANT whos	e opinion is contained in	n this Report*	
CF & Co., L.L.P.			
(Name – if	individual, state last, first, mid	die name)	
8750 N. Central Expressway, Suite 300	Dallas	TX	75231
(Address)	(City)	(State)	(Zip Code)
CHECK ONE: Certified Public Accountant Public Accountant Accountant not resident in United S	tates or any of its posses	ssions.	
	FOR OFFICIAL USE ONL	Υ	

^{*}Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, M. E. Allison, Jr.	, swear (or affirm) that, to the best of
my knowledge and belief the accompanying financial staten	nent and supporting schedules pertaining to the firm of
M.E. Allison & Co., Inc.	, as of <u>December 31</u> , 2010, are true and
correct. I further swear (or affirm) that neither the comp director has any proprietary interest in any account classified	
PATRICIA A PARKS Notary Public State of Texas My Commission Expires December 16, 2014	m. E. Allison J President
1	Title
Notary Public	
This report** contains (check all applicable boxes): X (a) Facing page. X (b) Statement of Financial Condition.	
X (c) Statement of Income (Loss).X (d) Statement of Cash Flows	
X(e) Statement of Changes in Stockholders' Equity or partX(f) Statement of Changes in Liabilities Subordinated to C	
X (g) Computation of Net Capital.X (h) Computation for Determination of Reserve Requirem	ents Pursuant to Rule 15c3-3.
X (i) Information Relating to the Possession or control Rec	quirements Under Rule 15c3-3.
 (j) A Reconciliation, including appropriate explanation Computation for Determination of the Reserve Requi 	n, of the Computation of Net Capital Under Rule 15c3-1 and the
(k) A Reconciliation between the audited and unaudited solidation.	d Statements of Financial Condition with respect to methods of con-
X(I) An Oath or Affirmation.X(m) A copy of the SIPC Supplemental Report.	
(m) A copy of the SIPC Supplemental Report.	to exist or found to have existed since the date of the previous audit.
X (o) Independent auditor's report on internal control	to order of found to have ordered since are dute of the provided addition

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED DECEMBER 31, 2010

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Independent Auditor's Report

Board of Directors M. E. Allison & Co., Inc.

We have audited the accompanying statement of financial condition of M. E. Allison & Co., Inc. as of December 31, 2010, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to the claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of M. E. Allison & Co., Inc., as of December 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CF & Co., L.L.P.

946., w

Dallas, Texas February 24, 2011

M. E. ALLISON & CO., INC. Statement of Financial Condition December 31, 2010

ASSETS

<u> 105L15</u>			
Cash		\$	6,056
Securities owned - equities			238,973
Securities owned -money market mutual funds			130,150
Securities owned - bonds			449,587
Deposit with broker-dealer			142,541
Note receivable - related party			676,445
Other receivables			54,579
Limited partnership interests			4,224
Property and equipment - at cost			
Furniture and fixtures	\$ 463,214		
Leasehold improvements	36,342		
Total property and equipment	499,556		
Less: Accumulated depreciation and amortization	(466,778)		32,778
Other assets			72,857
		\$	1,808,190
		-	
LIABILITIES AND STOCKHOLDERS'	<u>EQUITY</u>		
	EQUITY		
Liabilities:	EQUITY	•	177.041
Liabilities: Accounts payable and accrued expenses	EQUITY	\$	177,941
Liabilities:	<u>EQUITY</u>	\$	177,941 445,078
Liabilities: Accounts payable and accrued expenses	EQUITY	\$	445,078
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer	<u>EQUITY</u>	\$	•
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity:	EQUITY	\$	445,078
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued	<u>EQUITY</u>	\$	445,078 623,019
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized	EQUITY	\$	445,078 623,019 38,500
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized Additional paid-in capital	EQUITY	-	445,078 623,019 38,500 3,850
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized	EQUITY	-	445,078 623,019 38,500
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized Additional paid-in capital Retained earnings	EQUITY	-	445,078 623,019 38,500 3,850 1,142,821
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized Additional paid-in capital	EQUITY	-	445,078 623,019 38,500 3,850
Liabilities: Accounts payable and accrued expenses Payable to broker-dealer Stockholders' equity: Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized Additional paid-in capital Retained earnings	EQUITY		445,078 623,019 38,500 3,850 1,142,821

Statement of Income

For the Year Ended December 31, 2010

Revenues:	
Financial advisory fees	\$ 700,512
Commissions	188,389
Municipal underwriting income	200,837
Interest and dividends	67,105
Revenue from sale of investment company shares	49,777
Realized losses on securities	(575,799)
Unrealized gains on securities	122,958
Investment advisory fees	42,304
Trading income	51,381
Other	 18,004
Total revenues	 865,468
Expenses:	
Employee compensation including commissions	904,532
Clearing expense	17,218
Occupancy and equipment	90,527
Interest expense	24,480
Other expenses	 248,095
Total expenses	 1,284,852
Net loss before income taxes	(419,384)
Provision (benefit) for income taxes	 4,781
Net Loss	\$ (424,165)

M. E. ALLISON & CO., INC. Statement of Changes in Stockholders' Equity For the Year Ended December 31, 2010

	Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balances, December 31, 2009	385	\$ 38,500	\$ 3,850	\$ 1,566,986	\$ 1,609,336
Net loss				(424,165)	(424,165)
Balances, December 31, 2010	385	\$ 38,500	\$ 3,850	\$ 1,142,821	\$ 1,185,171

Statement of Changes in Liabilities Subordinated to Claims of General Creditors For the Year Ended December 31, 2010

Balance at December 31, 2009	\$
Increases	
Decreases	
Balance at December 31, 2010	\$

Statement of Cash Flows

For the Year Ended December 31, 2010

Cash flows from operating activities		
Net loss	\$	(424,165)
Adjustments to reconcile net loss to net		
cash provided (used) by operating activities:		
Depreciation and amortization		5,827
Unrealized gains on securities		(122,958)
Realized loss on securities		575,799
Changes in assets and liabilities:		
Decrease in securities owned - money market mutual funds		188,461
Decrease in securities owned - bonds		803,919
Decrease in deposit with broker-dealer		66,010
Increase in other receivables		(29,984)
Increase in other assets		(5,890)
Increase in accounts payable and accrued expenses		146,369
Decrease in payable to broker		(771,975)
Net cash provided (used) by operating activities		431,413
Cash flows from investing activities		
Equipment purchases		(1,276)
Sale of securities owned		1,961,202
Purchases of securities owned		(2,414,043)
Net cash provided (used) by investing activities		(454,117)
Net decrease in cash		(22,704)
Cash at beginning of year		28,760
Cash at end of year		6,056
Supplemental schedule of cash flow information	*	
Cash paid for income taxes		
Cash paid for interest	\$	24,480

Note 1 - Accounting Policies Followed by the Company

M. E. Allison & Co., Inc. (the "Company") is a broker-dealer in securities registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under (SEC) Rule 15c3-3(k)(2)(ii), which provides that all funds and securities belonging to the Company's customers would be handled by a clearing broker-dealer. The Company predominately deals in the purchase and sale of municipal bonds and provides financial advisory services to municipalities.

Transactions in securities owned by the Company are recorded on a trade-date basis. Commission revenues and expenses are recorded on a settlement-date basis, which is generally three business days after the trade date. If materially different, commission income and related expenses are recorded on a trade date basis.

Securities owned, not readily marketable, are carried at fair value as determined by management. The increase or decrease in net unrealized appreciation or depreciation of securities is credited or charged to operations.

The Company also is the general partner of certain limited partnerships that are invested in real estate (land). The partnerships are accounted for on the equity method.

Furniture, fixtures and automobiles are depreciated using accelerated methods over estimated useful lives of 5 to 7 years.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to operating losses that are available to offset future taxable income, unrealized gains and losses and installment sales. Any deferred tax benefit is subject to a valuation allowance.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Accounting Policies Followed by the Company, continued

Income Taxes

Income tax returns are generally subject to examination by the respective federal and state authorities over various statutes of limitations generally three to five years from date of filing.

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2010, the Company had net capital of approximately \$312,786 and net capital requirements of \$250,000. The Company's ratio of aggregate indebtedness to net capital was .57 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

Note 3 - <u>Possession or Control Requirements</u>

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (SEC) Rule 15c3-3(k)(2)(ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts.

Note 4 - Marketable Securities Equities and Bonds

Fair Value Measurements

The Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 4 - Marketable Securities Equities and Bonds, continued

Fair Value Measurements, continued

Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2010, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of securities owned is deemed to be Level 1 and 2 investments as reflected in the following table:

	Total	Level 1	Level 2	Level 3
Securities owned – money market mutual funds	\$ 130,150	\$ 130,150		
Securities owned - equities	238,973	238,973	\$	\$
Securities owned - bonds	449,587		449,587	
	<u>\$ 818,710</u>	<u>\$ 369,123</u>	<u>\$ 449,587</u>	\$

Note 5 - Commitment and Contingencies

The Company has an operating lease for office space owned by an officer of the Company. The lease provides for 1 option to renew for 5 years. The following is a schedule by years of minimum rental payments under the lease agreement:

Year Ending	
December 31,	Amount
2011	\$ 84,700
2012	28,233
	\$ 112,933

Rent expense under operating leases was \$84,700.

The Company is required to indemnify its clearing broker-dealer if a customer fails to settle a securities transaction, according to its clearing agreement. Management was neither aware, nor had it been notified, of any potential indemnification loss at December 31, 2010.

Note 6 - <u>Income Taxes</u>

The tax benefit from the charitable contribution and net operating loss carryforwards of \$5,759 and \$210,514, respectively, has not been reported in these financial statements because the Company believes it is likely that the carryforwards will expire unused. Accordingly, the tax benefit has been offset by a valuation allowance of the same amount.

The following reflect the changes in tax benefit:

	Deferred		Deferred
	Tax Asset Current		Tax Asset
	December 31,	Period	December 31,
	2009	<u>Changes</u>	2010
Benefit of loss and			
contribution carryforward	\$ 13,681	\$ 47,892	\$ 61,573
Valuation allowance	(13,681)	(47,892)	(61,573)
Amount per balance sheet	\$ -0-	<u>\$ -0-</u>	<u>\$ -0-</u>

Note 6 - <u>Income Taxes</u>, continued

Non deductible charitable contributions and net operating loss carryforwards expire as follows:

	Non Deductible	
	Charitable	Net
Year Ending	Contribution	Operating Loss
December 31,	<u>Carryforwards</u>	<u>Carryforwards</u>
2011	\$ 2,100	
2014	1,909	
2015	1,750	
2021		\$ 127,128
2022		14,062
2026		67,174
2030		2,150
	\$ 5,759	<u>\$ 210,514</u>

Note 7 - Related Party

During 2008 the Company sold an investment in land to the Elsie F. Allison Family Trust ("Trust"), a related party, for an \$860,000 note receivable. The note is an interest only note that bears interest at 2.97% per annum. No principal payments were received during 2010.

Note 8 - Concentrations

The Company's customer base is primarily located throughout Texas. Deposit with broker-dealer is with the Company's clearing broker-dealer that is located in Dallas, Texas. Cash and certificates of deposit with banks may at times exceed federally insured limits.

Note 9 - Subsequent Events

In preparing the accompanying financial statements, in accordance with FASB ASC 855, "Subsequent Events", the Company has reviewed events that have occurred after December 31, 2010, through February 24, 2011, the date the financial statements were available to be issued. During this period, the Company did not have any material subsequent events.

Supplemental Information

Pursuant to Rule 17a-5 of the

Securities Exchange Act of 1934

For the Year Ended

December 31, 2010

Schedule I

M.E. ALLISON & CO., INC. Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission As of December 31, 2010

Computation of Net Capital

Total ownership equity qualified for net capital	\$ 1,185,171
Deductions and/or charges	
Non-allowable assets:	
Petty cash \$	300
Note receivable - related party 67	76,445
Limited partnership interests	4,224
	32,778
- · · · · · · · · · · · · · · · · · · ·	72,857 (786,604)
Net capital before haircuts on securities positions	398,567
Haircuts on securities (computed, where applicable,	
pursuant to Rule 15c3-1(f)):	
Equities	35,847
Bond inventory	27,203
Money market	2,603
Undue concentration	20,128 (85,781)
Net capital	\$ 312,786
Aggregate Indebtedness	
Items included in statement of financial condition	
Accounts payable and accrued expenses	\$ 177,941
Total aggregate indebtedness	\$ 177,941

Schedule I (continued)

M.E. ALLISON & CO., INC. Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission As of December 31, 2010

Computation of Basic Net Capital Requirement

Minimum net capital required (6 2/3% of total aggregate indebtedness)	\$ 11,863
Minimum dollar net capital requirement of reporting broker or dealer	 250,000
Minimum net capital requirement (greater of two minimum requirement amounts)	\$ 250,000
Net capital in excess of minimum required	\$ 62,786
Excess net capital at 1000%	 294,992
Ratio: Aggregate indebtedness to net capital	 .57 to 1

Reconciliation with Company's Computation

There were no material differences in the computation of net capital under Rule 15c3-1 from the Company's computation.

Schedule II

M.E. ALLISON & CO., INC. Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission As of December 31, 2010

Exemptive Provisions

The Company has claimed an exemption from Rule 15c-3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firm: Southwest Securities, Inc.

Independent Auditor's Report

On Internal Control

Required by SEC Rule 17a-5

For the Year Ended

December 31, 2010



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors M. E. Allison & Co., Inc.

In planning and performing our audit of the financial statements and supplemental information of M. E. Allison & Co., Inc. (the "Company"), as of and for the year ended December 31, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
- 2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with

management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, there can be no assurance that all material weaknesses have been identified. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

CF & Co., L.L.P.

0796, us

Dallas, Texas February 24, 2011 Independent Auditor's Report

On The SIPC Annual Assessment

Required By SEC Rule 17a-5

Year Ended December 31, 2010



INDEPENDENT AUDITOR'S REPORT ON THE SIPC ANNUAL ASSESSMENT REQUIRED BY SEC RULE 17a-5

To the Board of Directors of M. E. Allison & Co., Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2010, which were agreed to by M. E. Allison & Co., Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating M. E. Allison & Co., Inc.'s compliance with the applicable instructions of the Assessment Reconciliation (Form SIPC-7). Management is responsible for M. E. Allison & Co., Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

- 1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursements records entries (cash disbursements journal) noting no differences;
- 2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2010 with the amounts reported in Form SIPC-7 for the year ended December 31, 2010 noting no differences;
- 3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences; and
- 4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

CF & Co., L.L.P.

Aflo, co

Dallas, Texas February 24, 2011

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION P.O. Box 92185 Washington, D.C. 20090-2185 202-371-8300 General Assessment Reconciliation

For the fiscal year ended $\underline{\ \ December\ 31\ \ \ }$, 20 $\underline{\ 10\ \ }$ (Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

 Name of Member, address, Designated Examining Auth purposes of the audit requirement of SEC Rule 17a-5: 	nority, 1934 Act registration no. and mont	th in which fiscal year ends for
001402 FINRA DEC MEALLISON & CO INC 19*19 SECOND FLOOR	Note: If any of the information requires correction, please of form@sipc.org and so indicate	on shown on the mailing label e-mail any corrections to te on the form filed.
950 E BASSE RD SAN ANTONIO TX 78209-1831	Name and telephone number respecting this form.	of person to contact
2. A. General Assessment (item 2e from page 2)		\$3,018.33
B. Less payment made with SIPC-6 filed (exclude intere 8-23-2010	est)	(975.91
Date Paid C. Less prior overpayment applied		(
D. Assessment balance due or (overpayment)		2,042.42
E. Interest computed on late payment (see instruction	n E) for dove at 200/ nor annum	
		2,042.42
F. Total assessment balance and interest due (or over	erpayment carried forward)	Ψ
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$2,042.42	_
H. Overpayment carried forward	\$(_)
3. Subsidiaries (S) and predecessors (P) included in this The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.	M. E. Allison & Co.,	
oomprotes.	Christyl Alli	d Signature)
Dated the 23 day of February , 20 11 .	Chief Financial Offi	• ,
This form and the assessment payment is due 60 days for a period of not less than 6 years, the latest 2 year	s after the end of the fiscal year. Retai	n the Working Copy of this form
Dates: Postmarked Received R Calculations D Exceptions:	eviewed	
Calculations D	ocumentation	Forward Copy
Exceptions:		
Disposition of exceptions:		

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

AND GENERAL AGGEGOMENT	Amounts for the fiscal period beginning <u>1-1-</u> , 20 <u>10</u> and ending <u>12-31-</u> , 20 <u>10</u>
Item No. 2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ 865,468
 Additions: (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) an predecessors not included above. 	d
(2) Net loss from principal transactions in securities in trading accounts.	
(3) Net loss from principal transactions in commodities in trading accounts.	
(4) Interest and dividend expense deducted in determining item 2a.	
(5) Net loss from management of or participation in the underwriting or distribution of securities	s
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determined from management of or participation in underwriting or distribution of securities.	rmining net
(7) Net loss from securities in investment accounts.	452,841
Total additions	452,841
2c. Deductions: (1) Revenues from the distribution of shares of a registered open end investment company or u investment trust, from the sale of variable annuities, from the business of insurance, from i advisory services rendered to registered investment companies or insurance company sepa accounts, and from transactions in security futures products.	nvestment
(2) Revenues from commodity transactions.	
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	h
(4) Reimbursements for postage in connection with proxy solicitation.	
(5) Net gain from securities in investment accounts.	
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit an (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or le from issuance date.	d ss
(7) Direct expenses of printing advertising and legal fees incurred in connection with other reversed to the securities business (revenue defined by Section 16(9)(L) of the Act).	enue 7,500
(8) Other revenue not related either directly or indirectly to the securities business.	
(See Instruction C):	51,718
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ 1,984	
7-	
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	
Enter the greater of line (i) or (ii)	1,984.00
Total deductions	110,979.00
2d. SIPC Net Operating Revenues	\$ 1,207,330.00
2e. General Assessment @ .0025	\$3,018.33
	OCONOR I MORALI

December 31, 2010

Report Pursuant to Rule 17a-5(d)

